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IN THE

Supreme Court of the United States

OCTOBER TERM, 1950.

No. [redacted] . 71

JOSEPH W. JONES,
Petitioner,

—against—

MOTOROLA, INC.,
Respondent,

and

DAVEGA STORES CORP. and
MOTOROLA-NEW YORK, INC.,
Defendants.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT AND BRIEF IN SUPPORT THEREOF.

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THE COURT PRESS, N. Y. C.

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Defendants.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

PRELIMINARY STATEMENT.

Your petitioner, Joseph W. Jones, respectfully prays for a writ of certiorari to the United States Court of Appeals for the Second Circuit to review a judgment of that Court, entered February 28, 1951,

affirming a judgment of the United States District Court for the Southern District of New York, entered October 27, 1950, in this action, in favor of respondent, and against petitioner, quashing the service of the summons and complaint herein upon the respondent, Motorola, Inc. A timely petition for a rehearing, dated February 16, 1951, was granted in part by the Court of Appeals on February 23, 1951.

The decision of the Court of Appeals below, if permitted to stand, will run counter to the very purpose of Rule 4 (d) (3) (7) of the Federal Rules of Civil Procedure which was designed with the intent and purpose of meting out justice. Also service may be made according to the *lex loci* of the State of New York. But the decision of the Court of Appeals will nullify these statutes. It will prevent legitimate claimants from pursuing suit against a large corporation which has the facilities of doing business in every state of the union and yet can technically claim that it is doing business only in one particular state. Respondent's use of mark "Motorola" is some 15 years later than petitioner's use of his mark "Motrola". Nevertheless respondent has used every means in its power to throttle petitioner and appropriate his mark. The Court of Appeals decision runs counter to the United States Supreme Court decision in *International Shoe Company* v. *State of Washington,* 326 U. S. 310 (1945). In that case, the question of "doing business" or "presence" in the State of Washington seems very pertinent to the case at bar where the question involved is "doing business" or "presence" in the State of New York. In the *International Shoe Company* case, the appellant had no office in the State of Washington and made no contracts of purchase and sale of merchandise there. In the *Shoe Company*

case, no stock or merchandise was maintained in the State of Washington and there were no deliveries of goods in interstate commerce. It employed salesmen under the supervision and control of managers located in St. Louis. It is respectfully submitted that it is implicit in the written contracts between a distributor Motorola-New York, Inc. and respondent Motorola, Inc. that the *latter* is doing business in New York. It is specifically stated in said contract that respondent reserves the right to do business directly in New York with

(a) Political subdivisions of the United States Government;

(b) Common carriers;

(c) Agencies and instrumentalities of any of the foregoing;

(d) Purchasers of the merchandise for the purpose of offering the same as premiums or prizes;

(e) Any and all distributing units, groups or organizations where purchases were made by or through a central office for all individual outlets thereof wherever said outlets may be located, and all agencies or instrumentalities thereof;

(f) Automobile and airplane manufacturers, distributors and dealers;

and other persons specifically excluded in the contract with Motorola-New York, Inc.

The Matter Involved.

This is an action brought by the petitioner, Joseph W. Jones, for unfair competition and trademark infringement against the respondent, Motorola, Inc. and two co-defendants, being, respectively, a dealer and a distributor for respondent, viz. Davega Stores, Inc. and Motorola-New York, Inc., in the United States District Court for the Southern District of New York. Jurisdiction is based upon diversity. The plaintiff and petitioner, Joseph W. Jones, is a resident of the State of Connecticut. None of the other defendants are Connecticut Corporations.

District Court Proceeding.

The respondent moved under Rule 12 (b) to quash the service of the summons and dismiss the action upon the ground that respondent, Motorola, Inc. is an Illinois corporation, not doing business in New York and not subject to service of process in New York and was not properly served with process in New York and was not properly served with process in the Southern District of New York. The Court by McGohey, *D. J.*, granted the motion, his opinion turning on the proposition that in substance:

1. The New York distributor Motorola-New York, Inc., co-defendant, is not an agent of respondent Motorola, Inc. because
   (a) Motorola-New York, Inc. was wholly owned by Nathan Cooper (a former salesman of Motorola, Inc.);
   (b) There was no interlocking directorate;

(c) That the officers and directors and employees had "no financial or stock interest in" Motorola-New York, Inc. (although the record is utterly incomplete as to this).

2. That the United States Marshal served the process on a "mere employee" of the domestic corporation (although she was concededly authorized to handle "claims" and "corresponding matters" for Motorola-New York, Inc.).

A very lengthy contract between Motorola, Inc. and Motorola-New York, Inc. dated January 8, 1950, together with a supplemental agreement, dated April 5, 1950, containing in all 27 and 12 pages, or a total of 39 pages and which, petitioner believes, conclusively establish:

(1) That respondent *was* doing business in New York in the jurisdiction of the Southern District of New York, and

(2) That the defendant Motorola-New York, Inc., was the exclusive agent for respondent in that territory, and

(3) That respondent was duly served with process through its agent.

Opinion of McGohey, *D. J.*

"Plaintiff claims to have properly served the foreign defendant (Motorola- Inc.) by serving an employee of Motorola-New York, Inc. a co-defendant, claiming that the latter is in fact an agent of the foreign defendant. The proofs before me completely contradict that claim. They show that Motorola-New York, Inc. wholly owned by one Nathan Cooper, is a New York corporation which is only one of many independent

distributors of the products of Motorola, Inc.; that there is no interlocking directorate between Motorola-New York, Inc. and Motorola, Inc.; and that the latter and its officers, directors and employees have no financial or stock interest in the former. Moreover, the proof shows that the process which it is claimed reached the foreign corporation was served merely as an employee of the domestic corporation.

Accordingly, the motion is granted. The plaintiff's request for reference to a Master is denied because on the showing before me it would only unfairly harass Motorola-New York, Inc. which the plaintiff seeks to have subjected to investigation. The cases cited by the plaintiff on this point are distinguishable and do not require a different result."

Petitioner's motion for a reference to determine important and material facts undisclosed in the affidavits was denied. There was not one iota of showing of harassment of this Goliath corporation.

The Court of Appeals Procedure.

Petitioner appealed to the United States Circuit Court of Appeals, for the Second Circuit. The Court of Appeals affirmed the determination made at Motion Term in the Southern District, dismissing the complaint and quashing the service of the summons upon respondent. The Court's decision is as follows:

"Per Curiam:

> The appellant sued for infringement of its registered trade-mark 'Motorola.' The appellee Motorola, Inc., is an Illinois corporation having its principal office and place of business in Chicago in that state. It is neither licensed to

do business in New York or have any office in that state. Nor was it shown to have done any business therein. It sells products it manufactures and marks with the trade-mark Motorola to the defendant Motorola-New York, Inc., for distribution by the latter to retail dealers within designated territory in accordance with the provisions of a written contract between the parties. Though Motorola-New York, Inc., is the distributor for it, it is not the agent of Motorola Inc. Davega Stores Corp., is one of such retail dealers in the Southern District of New York.

Service of summons was not made upon Motorola, Inc., in any other way than by serving it upon one Sara Skolnik, an employee in the office of Motorola-New York, Inc., whose duties were to "handle express and shipping claims and corresponding matters" for her employer but who was not employed by and did nothing for Motorola, Inc.

Neither the last named corporation nor any of its officers or directors have any stock or financial interest in Motorola-New York, Inc.

As the above stated facts were made to appear without substantial contradiction there was no adequate basis for the request of the appellant for a reference and no alternative but to grant the motion quashing the service of summons. Moreover, as there was no likelihood that service could be made upon the appellant within the Southern District, the dismissal of complaint was right. *Echeverry* v. *Switchboard Supply Co.,* 2 Cir., 175 F. 2d 900; *Deutsch* v. *Hoge,* 2 Cir., 146 F. 2d 201.

Affirmed."

It appears that the Court of Appeals erred in the first sentence of this decision using the word "Motorola", whereas in fact the Court intended to use the word "Motrola" and upon a petition for a rehearing this correction was duly made by the Court. However, in the petition for rehearing request was made that the words "nor was it shown to have done any business therein" be deleted:

> "This is a petition for a rehearing of the appeal by the plaintiff-appellant. The appeal was argued on January 10, 1951 and decided January 24, 1951.
>
> The decision affirmed the determination of the Motion Term in the Southern District dismissing the complaint, and quashing the service of the summons.
>
> Appellant respectfully suggests that the Court erred in the following respects:
>
> (1) In the first sentence of the decision it is stated 'the appellant sued for infringement of its registered trademark "Motorola" '.—The appellant's trademark is 'Motrola'. The appellee's trademark is 'Motorola'. In addition, the appellant is not suing for infringement of its registered trademark 'Motrola', but upon its common law rights to the trademark 'Motrola' and for unfair competition.
>
> (2) The decision states in the sixth line thereof: 'Nor was it shown to have done any business therein.'
>
> Since that time, appellant has obtained a full page advertisement from the New York Daily Mirror, not bearing the words 'Motorola-New York, Inc.' as appears on Exhibit A in the record,

but merely bearing the trademark 'Motorola' and an opportunity is respectfully requested to submit this to the Court.

Furthermore, since the decision there has come into the appellant's possession a deposition in a collateral proceeding in the United States Patent Office by one Elmer H. Wavering of 1850 East Ridgewood Lane, Glenview, Illinois, Vice President of a Division of Motorola, Inc., the appellee, in which he states:

> 'I find that our sales of products under the trademark MOTOROLA ran from $285,161 in 1930 to $3,208,024 in 1935, to almost $10 million in the first 11 months of the fiscal year ending November 30, 1940, almost $68 million in 1945, and through the first nine months of this year 1950, our sales were over $124 million. In that same period our advertising expenditure for our product under the trademark MOTOROLA increased from a little less than $6,000 in 1930 to more than $100,000 in 1935; over $400,000 in the 11 months of 1940; almost a million dollars in 1945; and then over six million dollars so far in 1950.'

On the other hand, the affidavit in the record herein verified June 9, 1950, at page 35 of the record, of one Morris Miller of 1509 Nelson Ave., Bronx, New York, General Counsel and Vice President of Motorola-New York, Inc. states:

> 'Advertising such as that in Exhibit A of the Gatter affidavit is undertaken by Motorola-New York, Inc., as a wholesale distributor to advertise the sale for its own account, of television sets, radio sets, and the like purchased

from Motorola, Inc. in the ordinary course of business.'

In this case the matter of this advertising bears materially on the issue of 'doing business' and it now appears that appellee is doing business in the jurisdiction.

An opportunity for rehearing is respectfully requested."

The Court determined the petition for rehearing as follows:

"On a petition for rehearing:

The first sentence of the opinion as filed is stricken out and the following sentence substituted therefor.

The appellant, a resident of the State of Connecticut, sued for infringement of his trademark 'Motrola' and for unfair competition.

In all other respects the petition for rehearing is denied."

Jurisdiction to Review.

The Court has jurisdiction by the provisions of Title 28 U. S. Code, Section 1254 to review the judgment of the Court of Appeals. The date of the Court of Appeals judgment was January 24, 1951. The order of the Court of Appeals granting rehearing and amending this prior decision was filed on February 28, 1951. The time for petitioner to file this petition was extended to May 24, 1951 by order of this Court (Fred M. Vinson, *C. J.*), dated April 19, 1951.

Questions Presented and Reasons for the Allowance of the Writ.

(1) Has the Court of Appeals decided an important question turning on the matter of "doing business" by a foreign corporation so as to effectively reverse a determination of the Supreme Court of the United States;

(2) Has the Court of Appeals erroneously decided that the matter of stock ownership and interlocking directorates, is material and conclusive as to whether or not a given co-defendant is or is not an agent of another co-defendant principal;

(3) Has the Court of Appeals decided that if a domestic corporate agent is duly served with process by a United States Marshal serving the same upon its "claim agent", that nevertheless such service should not be binding upon the principal of said corporate agent, although the latter had due notice thereof and in fact moved with respect thereto. Rule 4 (d) (3) (7) FRCP.

(4) Has the Court of Appeals decided that, notwithstanding written contracts between the respondent Motorola, Inc. and its New York distributor, Motorola-New York, Inc. there is no relationship of principal and agent. The contracts show that respondent Motorola, Inc. completely dominates and controls the activities of Motorola-New York, Inc. even to its very corporate existence under that name. The matter of dominion and control is very important in a consideration of agency. It is implicit from the conduct of the parties and as set out in the contract, in the

record, that Motorola, Inc. as principal, has appointed Motorola-New York, Inc. as agent, notwithstanding the disclaimer of both. Intention is spelled out from acts.

The respondent does not deny that it substantially amended its first contract by the amendment dated April 5, 1950, wherein it goes out of its way to emphasize that the relationship of principal and agent does *not* exist. Why was this provision omitted from the original contract, dated January 3, 1950? It is material on the question of "subterfuge".

(5) Has the Court of Appeals erred in affirming the motion term which denied petitioner's motion for a reference to a Master to hear and report on numerous issues of fact not found in the moving papers.

(6) The Court of Appeals has decided an important question involving the law of agency and the law of a foreign corporation doing business and the law with respect to the method of effecting service of process under the Federal Rules of Civil Practice in a manner that is seemingly in conflict with established decisions of the Supreme Court of the United States.

(7) The expansion of merchandising methods by modern media of communications, especially radio and television, and especially since these media permit the introduction of trade-names and trade-marks in any given jurisdiction, makes it important and vital for this Court to more certainly establish the law with respect thereto.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued out of, and under the seal

of, this Court directed to the United States Court of Appeals for the Second Judicial Circuit sitting at New York, New York commanding that said Court certify and send up to this Court, on a date to be designated, a full and complete transcript of the record of all proceedings heretofore had in said Court of Appeals in this cause, to the end that this case may be reviewed and determined by this Court; that the judgment of the United States Court of Appeals for the Second Judicial Circuit in this action be reversed; and that your petitioner be granted such other and further relief as may be proper.

Respectfully submitted,

L. STEWART GATTER,
Attorney for Petitioner.

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Defendants.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

Summary of Argument.

The petitioner's basic contention is that the Court of Appeals erred in construing the written contracts between respondent Motorola, Inc. and its distributor in New York City, Motorola-New York, Inc. and that it further erred in not permitting the petitioner to adduce all the pertinent facts by a reference to a Master and denying petitioner's motion therefor, so

that the District Court could consider all the facts. This virtually deprived petitioner of his day in Court.

POINT I.

The Court of Appeals erred in failing to adhere to the "doing business" rule as defined by the Supreme Court of the United States.

On this question of "doing business" or "presence" in the State of New York, the determination reached in the case of *International Shoe Company* v. *State of Washington,* 326 U. S. 310 (1945), seems very pertinent to the case at bar. In that case, the appellant had no office in the State of Washington and made no contracts of purchase and sale of merchandise there. The record at bar is not conclusive as to whether or not this appellee makes contracts in New York State with the persons reserved exclusively to it under its contract with its distributor, viz., to political subdivisions, certain large and important premium buyers and others (38, 55), but it is implicit that it does so.

In the *Shoe Company* case, no stock or merchandise was maintained in the State of Washington and there were no deliveries of goods in interstate commerce. It employed salesmen under the supervision and control of managers located in St. Louis. It seems implicit in the contracts that Motorola, Inc., employs salesmen in New York City or State to solicit business from political subdivisions or other persons specifically excluded in its contracts with Motorola-New York, Inc.

The shoe salesmen were compensated by commissions on sales and their authority was limited to show-

SPOTS ON PAGES

ing their samples and soliciting orders on prices and terms fixed by the appellant shoe company. These orders were accepted or rejected in the home office and invoiced at the place of shipment. These salesmen had no authority to enter into any contracts or make any collections. It seems certain, in the case at bar, from the contract, Exhibit A, itself, that respondent made sales direct to central unit purchasing agents, political subdivisions located in New York State and others within the jurisdiction of this Court.

At page 13 of appellee's brief and from the affidavit of Charles E. Green it is admitted that appellee's salesmen are selling, throughout the United States, goods on orders accepted only at the home office in Chicago. These undoubtedly are direct sales to the exempted classes under the contract.

Petitioner believes the facts in the *Shoe Company* case to be substantially similar to those at bar.

The following extract from the opinion of Chief Justice Stone seems pertinent:

> "Appellant also insists that its activities within the state were not sufficient to manifest its 'presence' there and that in its absence the state courts were without jurisdiction, that consequently it was a denial of due process for the state to subject appellant to suit. It refers to those cases in which it was said that the mere solicitation of orders for the purchase of goods within a state, to be accepted without the state and filled by shipment of the purchased goods interstate, does not render the corporation seller amenable to suit within the state. . . .

Historically the jurisdiction of courts to render judgment *in personam* is grounded on their *de facto* power over the defendant's person. Hence his presence within the territorial jurisdiction of a court was prerequisite to its rendition of a judgment personally binding him. *Pennoyer* v. *Neff*, 95 U. S. 714, 733. But now that the *capias ad respondendum* has given way to personal service of summons or other form of notice, due process requires only that in order to subject a defendant to a judgment *in personam*, if he be not present within the territory of the forum, he have certain minimum contacts with it such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice'. *Miliken* v. *Meyer*, 311 U. S. 457, 463. See *Holmes J.* in *McDonald* v. *Mabee*, 243 U. S. 90, 91. Compare *Hoopeston Canning Co.* v. *Cullen*, 318 U. S. 313, 316, 319. See *Blackmar* v. *United States*, 284 U. S. 421; *Hess* v. *Pawloski*, 274 U. S. 352; *Young* v. *Masci*, 289 U. S. 253.

An 'estimate of the inconveniences' which would result to the corporation from a trial away from its 'home' or principal place of business is relevant in this connection. *Hutchinson* v. *Chase & Gilbert, supra*, 141.

'Presence' in the state in this sense has never been doubted when the activities of the corporation there have not only been continuous and systematic, but also give rise to the liabilities sued on, even though no consent to be sued or authorization to an agent to accept service of process has been given. . . ."

"We are likewise unable to conclude that the service of the process within the state upon an

> agent whose activities establish appellant's 'presence' there was not sufficient notice of the suit, or that the suit was so unrelated to those activities as to make the agent an inappropriate vehicle for communicating the notice."

This case is further explained in *U. S.* v. *Scaphony Corp. of America,* 333 U. S. 803 (1948), and is followed in *Clover Leaf Freight Lines Inc.* v. *Pacific Coast Wholesalers Assn.,* 166 Fed. 2nd 626 (1948). In the former it was said by Rutledge, *J.*:

> "Practical, not technical business or commercial standards are to be applied in determining whether the requirement is satisfied."

The "liabilities sued on" arose by reason of the use of respondent's trade-mark "Motorola" in the Southern District. Can it be doubted for one moment that the respondent intends vigorously to defend its co-defendant dealer, Davega Stores Corp. and its "distributor" Motorola-New York, Inc., in the District Court: This consideration is pertinent to an "estimate of the inconveniences" to respondent from a trial away from "home".

POINT II.

The Court of Appeals erred in affirming the refusal of a reference to a Master by which all of the facts might have been adduced.

Since the time of the decision and as pointed out in petitioner's application for rehearing, he has obtained a full page advertisement from the New York Daily Mirror, not bearing the words "Motorola-New York,

Inc." but merely bearing the trademark "Motorola" and an opportnity as respectfully requested to submit this to the Court.

In this case the matter of this advertising bears materially on the issue of "doing business" and it now appears that respondent was doing business in the jurisdiction. Certainly a hearing with an opportunity for examination of the witnesses was needed.

POINT III.

The Court of Appeals erred in establishing unsound criteria for the determination of agency.

Service upon Motorola-New York, Inc., petitioner's alleged agent, has never been challenged as good and valid service upon it. It seems indeed significant that the individual served, Sara Skolnik, was stated by the United States Marshal to be a "claim agent" of this domestic distributor corporation. This is not denied. The point is that if a domestic corporation agent is duly served with process by service upon its "claim agent", such service should be binding upon the principal of such corporate agent. Rule 4 (d) (3) (7) (FRCP).

Respondent's brief labors the point that it was not carrying on business in New York. This question was not referred to by Judge McGohey in his decision. The decision turned solely on the question of the lack of agency of Motorola-New York, Inc. It seems that an opportunity should have been given to adduce full and complete facts, both as to agency

and "doing business" or "presence" in the State, at a hearing before a Master. For example, it is claimed that the advertising shown in the record (a full page in the Sunday New York Times) is "for the account of the distributor only". There was no ultimate proof of this whatsoever. The trade custom, if that be considered, is to the contrary. So seems the agreement between them. The question of interlocking directorates or of stock control is not a proper criterion in a case such as this. Here you have to rely upon the conduct of the parties and an express contract between them. This all could have been clearly and conclusively established before a Master.

Conclusion.

This Court, it is respectfully submitted, should exercise its supervisory powers to correct the situation created by the decision of the Court of Appeals in affirming a decision of Motion Term on insufficient facts where a reference was requested, and to certainly establish the rule of "doing business" or "presence" in a jurisdiction involving a trademark infringement and unfair competition, *especially in the light of the modern media of advertising and distribution of goods made possible by radio and television.*

Respectfully submitted,

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IN THE

Supreme Court of the United States

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No. [redacted] 71

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DAVEGA STORES CORP. and MOTOROLA-NEW YORK, INC.,

Defendants.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1950.

No. 758

JOSEPH W. JONES,

Petitioner,

-against-

MOTOROLA, INC.,

Respondent,

and

DAVEGA STORES CORP. and MOTOROLA-NEW YORK, INC.,

Defendants.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

STATEMENT OF THE CASE.

Petitioner makes no reference to Rule 38(5) of the Rules of this Court either in his petition or in his brief in support of his petition, and it is submitted that the instant case presents no reason or ground such as is required by the rule for the grant of certiorari. However, before discussing the basis for this conclusion, respondent desires to briefly set forth the facts in the case, for there are numerous omissions of fact, and ambiguities, within the 21-page petition and brief filed by petitioner herein.

Joseph W. Jones, alleging residence in the State of Connecticut, filed suit in the District Court for the Southern District of New York against respondent, Motorola, Inc., an Illinois corporation, of Chicago, Illinois, (hereinafter called Chicago company), against Davega Stores Corp. a dealer in New York City in radio, television, sporting goods and other products, and against Motorola-New York, Inc., (hereinafter called New York company) of New York City, a New York corporation. The latter is simply one of a number of independent wholesale distributors in the United States of respondent's (Chicago company) manufactured products, (R. 23, 35), and is connected with the Chicago company only by agreements covering the conditions necessary in the New York company's conduct as such an independent wholesaler moving the goods purchased from the Chicago company into retail channels.

Petitioner alleges rights in MOTROLA, and he complains of the use of MOTOROLA by respondent as its trade-mark on its manufactured goods, and of the use thereof as a trade-name and in its corporate name. Petitioner asked for

an injunction and damages. The proofs show that the Chicago company's trade-mark and its trade-name for 20 years has been MOTOROLA (R. 22). During that time MOTOROLA has become one of the best known, and most highly respected trade-marks in the radio and television industry, as well as in the so-called electronics industry generally.

Petitioner served with summons in New York City, Davega Stores Corp., as well as Motorola-New York, Inc. (New York company). In attempting to serve respondent (Chicago company), the Marshal served Sara Skolnik who, the proofs show, was merely an *employee of the New York company.* Sara Skolnik was *not an agent* for the Chicago company, *did not work* for the Chicago company, and in fact, *had no connection* with the Chicago company (R. 24, 35). The proofs also showed (R. 23) that the New York company, her employer, was not an agent for the Chicago company.

The Chicago company filed a motion under Rule 12(b) (FRCP) to quash service of summons and dismiss the action, and submitted therewith supporting affidavits of Charles E. Green, its secretary and general counsel (R. 22), and of Morris Miller, the vice president and general counsel (R. 34) for the New York company, as well as that of Sara Skolnik (R. 24), the New York company employee who was served. These affidavits recited the above-noted facts, and further, that the New York company merely purchased from the Chicago company radio sets and television sets and then resold the same to retail dealers in a specified territory around New York City. These proofs showed further, that the New York company was owned by its President, Nathan Cooper, and that the Chicago company had no stock or any other financial interest in the same. There are no interlocking directorates between the

two companies, no officer, director or employee of the Chicago company is a director of the New York company, and vice versa.

In addition, the proofs showed that the Chicago company maintained no office within the jurisdiction of the District Court for the Southern District of New York, or in New York State, was not, and never had been licensed to do business in New York State, and maintained simply, a manufacturer-wholesale distributor relationship with the New York company. This relationship was defined by a standard wholesale distributor agreement (R. 36), and by an agreement (R. 49) providing for a license to use MOTOROLA in the distributor's trade-name, but without in any other way making the New York company anything other than a wholesale distributor of the Chicago company's manufactured products sold under the trade-mark MOTOROLA. Inasmuch as the Chicago company had rights resulting from more than 20 years of national and world-wide use of its trade-mark and trade-name MOTOROLA, and statutory rights therein represented in four United States trade-mark registrations on the mark MOTOROLA (R. 50), the earliest, No. 275,837, dating back to September 30, 1930, this license agreement with the New York company provided merely for the safeguards to the Chicago company which would protect its good will, prestige, and reputation represented in MOTOROLA, so long as the New York company was licensed to maintain this corporate name.

Petitioner in opposition to the Chicago company's motion under Rule 12(b), filed two affidavits (R. 28, 53) of its counsel, the attorney of record for petitioner below and in the present action before this Court. These consist principally of arguments and questions and do not contain a

single statement of fact refuting the facts in the affidavits of the responsible officers of the Chicago company (R. 22) and the New York company (R. 34), nor that of the New York company clerical employee (R. 24) who was served with summons in attempting to reach the Chicago company.

The District Court upon all affidavits in the present record, and after arguments by counsel, held (R. 57) that the New York company was not an agent of the Chicago company, and that service on an employee of the former was not service on the latter, and granted the Chicago company's motion to quash service and dismiss the action (*Jones* v. *Davega Stores Corp. et al,* 10 F.R.D. 434).

Upon appeal to the Court of Appeals for the Second Circuit by plaintiff-petitioner Jones, that Court (R. 64) affirmed the District Court (*Jones* v. *Motorola, Inc. et al,* 186 F.(2) 707).

In the argumentative affidavits filed upon behalf of petitioner before the District Court (R. 28, 53), he requested that the matter be referred to a referee or master to take testimony, and urged this grounds in the hearing before the District Court. The District Court rejected this plea, holding (R. 57):

> "• • • on the showing before me it would only unfairly harass Motorola-New York, Inc., which the plaintiff seeks to have subject to investigation."

The Court of Appeals (R. 65) held that inasmuch as the facts which they set forth in their opinion "were made to appear without substantial contradiction, there was no adequate basis for a reference."

ARGUMENT.

The Decision of the Circuit Court of Appeals Is Not In Conflict With the Decisions of this Court, Nor of Any Other Circuit Court of Appeals, and the Petition Does Not Meet the Requirements of Rule 38(5)(b).

Inasmuch as the decisions of both the District Court, and the Court of Appeals turned upon the requirements for valid service of summons upon the respondent (Chicago company), we will look first at the legal requirements for service of process on corporations. The pertinent sections of Rule 4(d) (FRCP) require that service be made:

> "(3) Upon a domestic or foreign corporation or upon a partnership or other unincorporated association which is subject to suit under a common name, by delivering a copy of the summons and of the complaint to an officer, a managing or general agent, or to any other agent authorized by appointment or by law to receive service of process and, if the agent is one authorized by statute to receive service and the statute so requires, by also mailing a copy to the defendant.
>
> (7) Upon a defendant of any class referred to in paragraph (1) or (3) of this subdivision of this rule, it is also sufficient if the summons and complaint are served in the manner prescribed by any statute of the United States or in the manner prescribed by the law of the state in which the service is made for the service of summons or other like process upon any such defendant in an action brought in the courts of general jurisdiction of that state."

Under paragraph (7) above, a corporation may be served in the manner prescribed by the law of the State in

which service is made. Service on a foreign corporation, under the New York law (Sec. 229, N. Y. Civ. Pract. Act) must be made either (1) on an officer of the corporation; or (2) on a public officer or person designated for that purpose by the corporation by certificate filed with the Secretary of State; or (3) on "the cashier, director, or managing agent of the corporation within the state"—if service cannot be effected as provided in clauses (1) and (2). The requirements for service under the New York law are not, therefore, substantially different from those under the Federal Rules of Civil Procedure.

Petitioner acknowledged (R. 28) that service was made upon Sara Skolnik. He has submitted no evidence refuting the statements in her affidavit (R. 25), and in those of Messrs. Green (R. 24), and Miller (R. 35) that she was merely a clerical employee for the New York company, was not in the employ of the Chicago company and had no connection with the Chicago company, nor was she authorized to accept service of summons for the Chicago company. Therefore, petitioner has not refuted respondent's proofs on the conditions under which service upon it was attempted.

The conclusion of the Circuit Court of Appeals herein, is in direct conformance with prior decisions of that Court (*Echeverry* v. *Kellogg Switchboard & Supply Co.*, 2 Cir., 175 F.2d 900; *Deutsch* v. *Hoge et al*, 2 Cir., 146 F.2d 201), and no conflicting decision from this Court, or any other Court on this question of service has been cited by petitioner.

Although petitioner argues that the New York company is the agent of the Chicago Company, this argument is *directly refuted* by the proofs (R. 23, 34, and 52) herein, and no evidence to the contrary was submitted by petitioner

in the two argumentative affidavits of his counsel (R. 28, 53). No new, or conflicting law of agency is involved in the decision of the Circuit Court of Appeals, for that Court accepted the unrefuted proofs that the New York company was simply one of many independent wholesale distributors in the United States handling the products of the Chicago company, and had no other relationship with the Chicago company except as represented in the standard wholesale distributor agreement (R. 36) governing the direct handling of the manufacturers products, and the agreement (R. 49) covering the New York company's conduct insofar as the Chicago company desired to protect the prestige and good will in its trade-mark MOTOROLA.

Petitioner contends that the Court of Appeals has decided an important question turning on the matter of "doing business" by a foreign corporation so as to effectively reverse the decision of this Court in *International Shoe Company* v. *State of Washington,* 326 U.S. 310, 1945. The facts herein show petitioner's contention to be entirely erroneous, as we shall point out.

In view of the unrefuted fact that service of summons was attempted upon an employee of the New York company having no connection whatever with the Chicago company, the concurring decisions of the Courts below quashing service of summons, and dismissing the action as to the Chicago company (respondent), were proper, and this *completely disposed of the question of jurisdiction* as to respondent. However, in the statement of the facts of the case, the Circuit Court of Appeals (R. 64) recited that the Chicago company was not licensed to do business in New York, nor did it have any office in that State, and was not shown to have done any business therein. This did not conflict with the decision of this Court in *International Shoe Company* v. *State of Washington, supra,* which turned on the question

of the defendant "doing business" in the State of Washington, inasmuch as service there was made upon an *employee of the defendant* in that State. The situations are not analogous and there is no conflict between the decision of the Circuit Court of Appeals herein, and the decision of this Court just referred to.

The question of a reference to a master, like the other questions raised herein, is simply a matter of importance to the parties as distinguished from a situation involving principles the settling of which is important to the public (*Layne & Bowler Corp.* v. *Western Well Works, Inc. et al,* 261 U.S. 387, 67 L.Ed. 712), and there is no basis in petitioner's present criticism for granting certiorari herein. The Court of Appeals pointed out that so long as the facts relied upon for decision appeared without substantial contradiction in the record, no adequate basis for the request by petitioner for a reference was apparent.

It is therefore respectfully submitted that this case is not a proper one for review by certiorari in this Court, and that the petition for a writ of certiorari should be denied.

Respectfully submitted,

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June 28, 1951.